

From: fctopresident@aol.com
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To: AppropriationTestimony
Subject: APRIL 5, 2011 PUBLIC HEARING: FR THE FEDERATION OF CONNECTICUT TAXPAYER ORGANIZATIONS TO THE STATE APPROPRIATIONS COMMITTEE

April 5, 2011

From: The Federation of Connecticut Taxpayer Organizations
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To: Members of The Appropriations Committee
Room 2700, Legislative Office Building
Hartford, CT 06106
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**April 5, 2011 Public Hearing Regarding Proposed
Mandate Reform, Public Employee Wage and Benefit Reforms**

Proposed H.B. No. 5803 AN ACT FREEZING STATE AND MUNICIPAL EMPLOYEES' WAGES.

Proposed H.B. No. 5117 PORTIONS OF THE STATE BUDGET APPROPRIATING AID TO MUNICIPALITIES.

Proposed H.B. No. 5657 AN ACT CONCERNING STATE EMPLOYEE PENSION AND POST-EMPLOYMENT BENEFIT LIABILITIES.

Proposed S.B. No. 452 AN ACT CONCERNING STATE MANDATES

My name is Susan Kniep. I had served as the Mayor of East Hartford from 1989 to 1993. I had also served for several years on East Hartford's Town Council. I am currently the President of The Federation of Connecticut Taxpayer Organizations, Inc.

On behalf of the Federation, we request that you look favorably on all proposed legislation which will ultimately bring tax relief to the taxpayers of the State of Connecticut by acting favorably on the aforementioned bills. We also ask that you enforce the spending cap.

We understand the spending cap is exceeded within the FY 2012 budget by \$1.34 billion due to several factors to include pay raises. The spending cap is exceeded by \$1.61 billion for FY 2013.

In November, 2010, President Obama instituted a two year wage freeze for federal

employees with the goal of saving up to \$5 billion in two years, and \$28 billion in five.

Connecticut public sector workers are the second highest paid in the nation, with an average wage of \$77, 697. Some annual pensions exceed \$150,000 and are as high as \$250,000, with health benefits paid for by taxpayers through their taxes.

The Federation of Connecticut Taxpayer Organizations encourages State and Municipal Leaders in the 169 Towns throughout Connecticut to **Freeze the Salaries** of state and municipal public employees for a minimum of two years.

We feel this proposal is warranted due to the surge in unemployment in the private sector throughout the country and the state as we witness one of the steepest economic downturns in the country which has resulted in high unemployment, bankruptcies and foreclosures.

Connecticut's unemployment rate is at 9%. Many of your constituents are either unemployed or underemployed with no health benefits, yet their taxes support a lucrative healthcare system for public employees at the state and in their towns.

If a town is locked into a union contract(s), local property owners and businesses will be burdened with the cost of increased wages and benefits through their taxes. Municipal taxes may be further impacted by a loss of state aid if Governor Malloy is unsuccessful in his attempt to garner concessions from the state unions.

We offer the following to further substantiate our request.....

- CT property owners in 169 towns pay approximately 85% of their property taxes for Town and Board of Ed personnel related expenses.
- CT's Debt is \$72 Billion driven by state retiree pensions and benefits.
- CT's Bonded Debt is \$19 Billion.
- CT Debt Per Capita is \$4,859 which exceeds California at \$2,362.
- CT State Retiree Pensions are as high as \$259,000.
- In 2010, Fitch Rating Downgraded CT Bonds Citing Borrowing to Cover Budget Deficits
- On July 1, 2010, CT began its fiscal year with a \$19.01 billion budget, which nearly equates to the State's \$19 billion bonded debt. Three months later, in Sept, 2010, the State Comptroller certified a budget deficit of \$60 million.
- CT Taxpayers now face a near \$4 Billion Deficit.
- Governor Malloy's budget includes \$1.5 billion in new taxes, a threat to cut both municipal aid and reimbursement to towns for school construction.

The Labor Committee has refused to protect the Reserve Funds of municipalities from unions who seek to claim these funds when looking for wage increases.

The Appropriations Committee must act to protect taxpayers throughout the state and within your own communities.

In summary, the Federation asks that you stop the transfer of money from the pockets of struggling Connecticut taxpayers to public employees earning lucrative salaries, healthcare benefits and pensions.

We ask that you pass legislation wherein the salaries of all State and Municipal Employees will be frozen for a minimum of two years, and that you reform and/or support the reform of mandates

which are driving up local property taxes to include Binding Arbitration and Prevailing Wage Laws.

Thank you for your consideration of our requests.

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